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MINISTRY OF COMMERCE AND INDUSTRY

RESOLUTION

New Delhi, the 23rd August 1960

TARIFF COMMISSION'S REPORT ON THE REVISION OF RAW RUBBER PRICES

No. 16(4)Plant(B)/60.—In Government's Resolution No. 16(2)Plant(B)/57, dated the 4th April, 1959 (14th Chaitra, 1881), the Tariff Commission was requested, under Section 12(d) of the Tariff Commission Act, 1951, to conduct necessary enquiries in regard to the cost of production of rubber and to submit a report on the fair prices for raw rubber of different grades and qualities. The Commission has submitted its report wherein the following recommendations have been made:—

- (1) There is no reason to change the present practice of fixing prices f.o.b. Cochin.
- (2) No special weightage in the price for small holdings is necessary.
- (3) An element of Rs. 9 per 100 lbs. for depreciation should be provided in the fair price for rubber on the condition that the continuance of this element in full may be reviewed after two years if it is found that growers still make insufficient provision for replanting and the work in this regard is not being properly done.
- (4) Cess and sales tax should be excluded from the Statutory prices, as these items are variable and do not strictly form part of the price.
- (5) It is not necessary to fix the price of sole crepe.
- (6) The price of R.M.A. 1 grade rubber should be fixed at Rs. 146 per 100 lbs. or Rs. 160.94 per 50 kilograms F.O.B. Cochin exclusive of sales tax and cess. The prices for other grades except that for preserved latex should be fixed according to the grade differentials in force at present. These prices should remain in force upto 30th September, 1963.
- (7) To cover the cases of latex of different concentrations, it will be sufficient if the basic price of latex concentrates excluding the cost of container is fixed on the basic price of R.M.A. 1 by adding (a) premium of Rs. 17.50 per 100 lbs. of D.R.C. in the case or normal latex upto 35 per cent. concentrates, (b) a premium of Rs. 33 per 100 lbs. for latex concentrates 38-50 per cent., and (c) a premium of Rs. 43 per 100 lbs. for concentrates over 51 per cent. which will include 60 per cent. concentrated latex.

- (8) The amount required for replantation would be Rs. 18 per 100 lbs. at current costs. Out of this Rs. 9 will be covered by the depreciation element, the balance amount required should be levied as a development cess to be recovered from the consumers in addition to the existing cess for grant of substantial replanting subsidies by the Rubber Board to implement effectively the programme of rehabilitation of plantations.
- (9) The additional cess of Rs. 7 per 100 lbs. recommended should be utilised to grant subsidies to those who require them for replantation with high yielding planting material. In granting the subsidy, special care should be taken that under no circumstances low yielding material is used for replanting.
- (10) Necessary steps should be taken to ensure that the Rubber Board is in a position to examine and sanction subsidy expeditiously and see that it is being properly utilised.
- (11) As small holdings of rubber play a significant role in the economy of Kerala, by providing employment on a large scale, there should be no positive steps whether by Agrarian reform or otherwise to discourage them from continuing in production. They should continue to receive, where they are able to establish their ability to do so, subsidy and other financial aids from the Rubber Board for replanting with high yielding planting materials.
- (12) In future no licence should be given for planting of rubber with ordinary seedlings and encouragement should be given to economic holdings to undertake planting with high yielding material.
- (13) To avoid immediate drop in production replanting should be undertaken on a planned basis.
- (14) High yielding planting material should be distributed to small growers at cheap rates. If local nurseries cannot provide the material, the Rubber Board should be given facilities to import sufficient quantity of high-yielding planting material suited to the soil conditions of the rubber growing areas in the country.
- (15) State Governments should take up the question of affording legitimate relief from taxation in respect of the provision for depreciation.
- (16) It is necessary that a separate financial agency should be set up to grant financial assistance for the development of a long-term crop like rubber particularly for stepping up the tempo of new planting.

2. Government accept recommendations (1) to (3) above.

3. In regard to the recommendation of the Commission in (4) above, it is proposed to accept the recommendation that cess should be excluded from the statutory price; it will, however, continue to form part of the statutory price for a short while pending the enforcement of the Rubber Amendment Act, 1960 (Act 21 of 1960). As regards sales tax, Government consider that it will be in the interests of the producer and the manufacturer if the price is fixed inclusive of the sales tax.

4. Government accept the recommendation (5) mentioned in para 1 above.

5. There is an imperative need to increase the production of raw rubber in the country by undertaking replantation on a large scale. In view of the widening gap between production and consumption and the prevailing price of rubber in the World market, any reduction in the price of raw rubber at this juncture, however small it may be, will have unhealthy repercussions on the industry. Government do not, therefore, consider it desirable to implement the recommendation of the Tariff Commission in regard to the price of rubber, which will result in a slight reduction in the price for the producer.

The price of RMA 1 grade will, therefore, continue to be maintained at Rs. 149.50 per 100 lbs. or Rs. 164.80 per 50 kilograms, F.O.B. Cochin, exclusive of the Cess. Inclusive of the cess the Statutory prices will continue to remain at Rs. 155.75. A notification fixing the prices of latex of different concentrations is being issued separately.

6. Government also accept recommendations (7) & (8) mentioned in paragraph 1 above.

7. In regard to recommendation (9), the necessary legislation to provide for the collection of additional cess has since been enacted.

8. Government have taken note of recommendations (10) to (14) and steps will be taken to implement them to the extent possible.

9. Government propose to bring recommendation (15) above to the notice of the State Governments concerned for necessary action.

10. Recommendation (16) is under examination by the Government.

| ORDER

Ordered that a copy of the Resolution be communicated to all concerned and that it be published in the Gazette of India.

C. S. RAMACHANDRAN, Jt. Secy.

